

May 28, 2004

PUBLIC UTILITIES COMMISSION,  
Investigation of Compliance of  
Verizon Maine with Amended  
35-A M.R.S.A. § 7101-B

ORDER PERMITTING  
INCREASE IN LOCAL RATES  
(PART 1)

WELCH, Chairman; DIAMOND and REISHUS, Commissioners

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## I. DECISION

This Part One Order states the Commission's decision to allow Verizon Maine to increase its rates for local exchange service to offset access rate reductions (previously ordered in this Docket) required by 35-A M.R.S.A. § 7101-B. Pursuant to Chapter 110, § 1003 of the Commission's Rules, the Commission may issue an order in two parts. A complete Part Two Order providing the background, analyses and reasoning underlying the Commission's decision will be issued in the near future.

We previously ordered Verizon to decrease its access rates in two equal steps, on June 1, 2004 and May 31, 2005. At that time, we held open the issue of whether the revenue losses that will result from the access rate decreases are an "exogenous change" as that term is defined under the alternative form of regulation (AFOR) for Verizon. We find that the revenue loss, which Verizon presently estimates is about \$2.96 million, is an exogenous change in revenues. Verizon therefore may increase its local rates on the same dates that it must reduce its access rates. Verizon must design the local rate increases so they will produce no more revenue than the revenue loss that Verizon has calculated for the access rate reductions. Verizon has proposed that for the first of the two increases, local rates for most lines will increase by \$0.27. PBX lines will increase by \$0.41 ( $\$0.27 \times 1.5$ ), and Centrex lines will increase by \$0.09 ( $\$0.27 \times .33$ ).<sup>1</sup> Lifeline and FPO (facilities-based payment options) Centrex lines will not increase.<sup>2</sup> We approve the proposed increases.

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<sup>1</sup> The 1.5 and .33 factors are the same equivalency factors used in 2001 when Verizon increased its rates by \$1.78 to offset the access rate reduction required at that time.

<sup>2</sup> At the time of the 2001 local rate increase, the Commission ordered that the increase not apply to Lifeline service. Verizon's April 2, 2004 cover letter explains that the FPO Centrex lines are subject to contracts that specify a fixed rate for a stated term.

**II. ORDERING PARAGRAPHS**

Accordingly, we

1. PERMIT Verizon of New England d/b/a Verizon Maine to increase its rates for local exchange service by no more than \$0.27 per line, effective June 1, 2004;

2. APPROVE the access rate reduction and local rate increase rate schedule filings, filed in this docket by Verizon Maine on April 2, 2004, with an effective date of June 1, 2004, *except for* Tariff No. 15, Part M, Section 8, page 32, Fifth Revision, page 33, Fourth Revision, and page 36, Sixth Revision, which were withdrawn on May 28, 2004; and Tariff No. 17, Section 30, page 12, Second Revision, which was withdrawn on May 18, 2004, and;

3. APPROVE Tariff No. 15, Part M, Section 8, page 32, Fifth Revision, page 33, Fourth Revision, and page 36, Sixth Revision, which were filed on May 28, 2004; and Tariff No. 17, Section 30, page 12, filed on May 18, 2004 (as substitutes for the original pages of those numbers and revisions), all also with an effective date of June 1, 2004;

4. ORDER Verizon Maine, on or before April 15, 2005, to file proposed rate schedules for the remaining access rate reduction required by our order in this docket issued on December 2, 2003, and for any proposed increase in the per line monthly rate for local exchange service for the purpose of offsetting the access revenue loss. The proposed rate schedule changes shall bear an effective date of May 31, 2005. With the rate schedule filing, Verizon Maine shall provide its most recently available access and access line billing units and calculations showing that the revenue effect from any proposed local rate increase will not exceed the revenue loss resulting from the access rate reduction.

Dated at Augusta, Maine, this 28<sup>th</sup> day of May, 2004.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR: Welch  
Reishus

COMMISSIONERS NOT VOTING FOR: Diamond

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.